



Strengthening the Gateway

2016 City of Houston Investor Conference

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Houston Airport System

Three-airport system managed and operated by the City's Department of Aviation (HAS) serving the nation's fifth-largest metropolitan area.

- Bush IAH – international gateway hub
 - United's largest hub



- Hobby – international low-cost service
 - Southwest's 7th busiest airport



- Ellington – NASA, general aviation, military and spaceport

	IAH	HOU	TOTAL
Enplaned passengers (M)	21.5	6.1	27.6
Share domestic	75%	99%	81%
Originating percentage	51%	73%	56%
Average daily departures	663	160	823
Number of gates	135	30	160

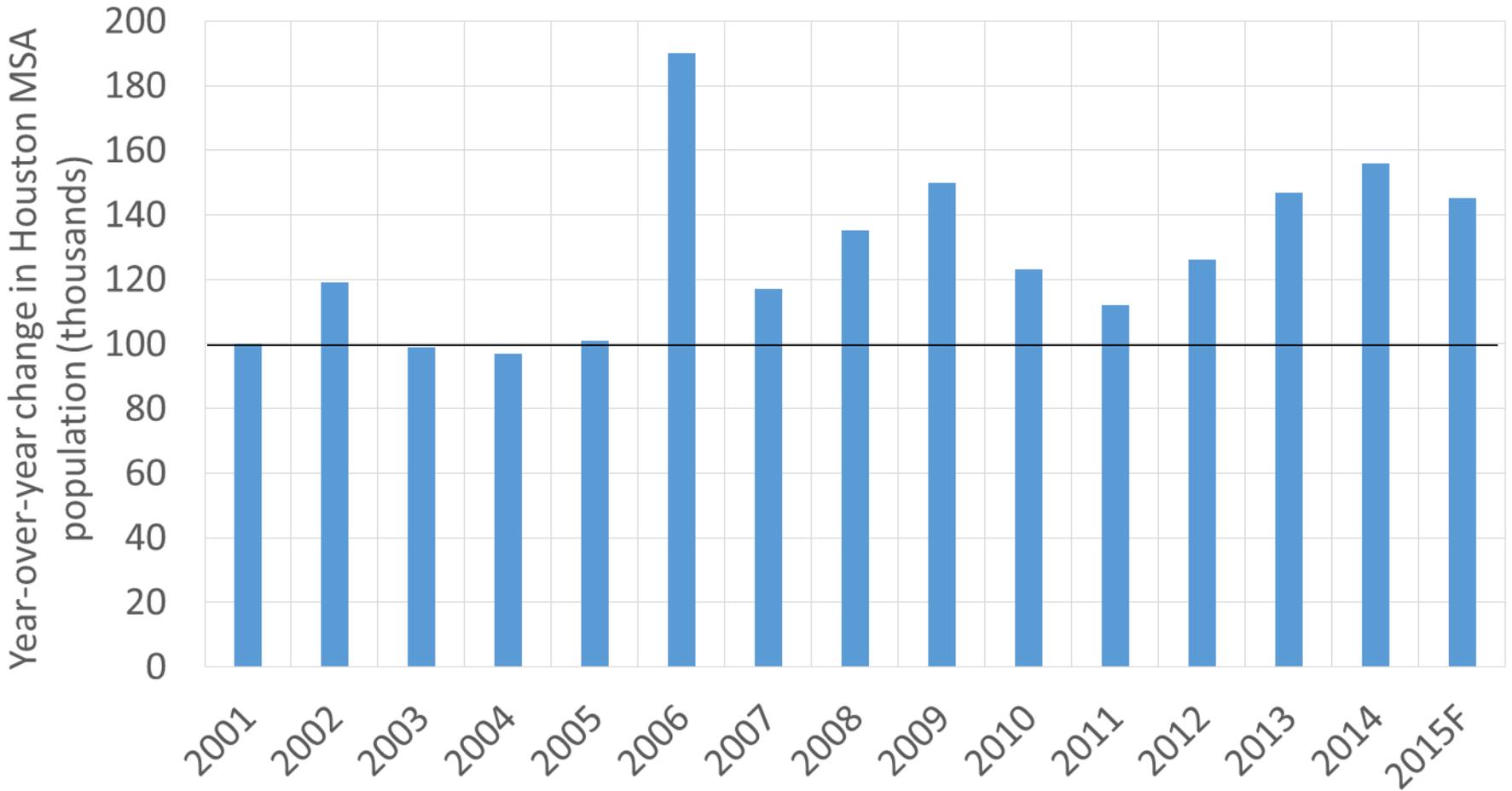
Source: Houston Airports Statistics CY 2015.

HOUSTON MSA ECONOMY



Houston population growth continues at its record pace

The Houston MSA has added more than 1.4 million residents over the past 10 years, averaging more than 100,000 new residents each year.



Source: U.S. Census Bureau. Forecast Greater Houston Partnership Research.

Houston's leading employers generate global travel demand

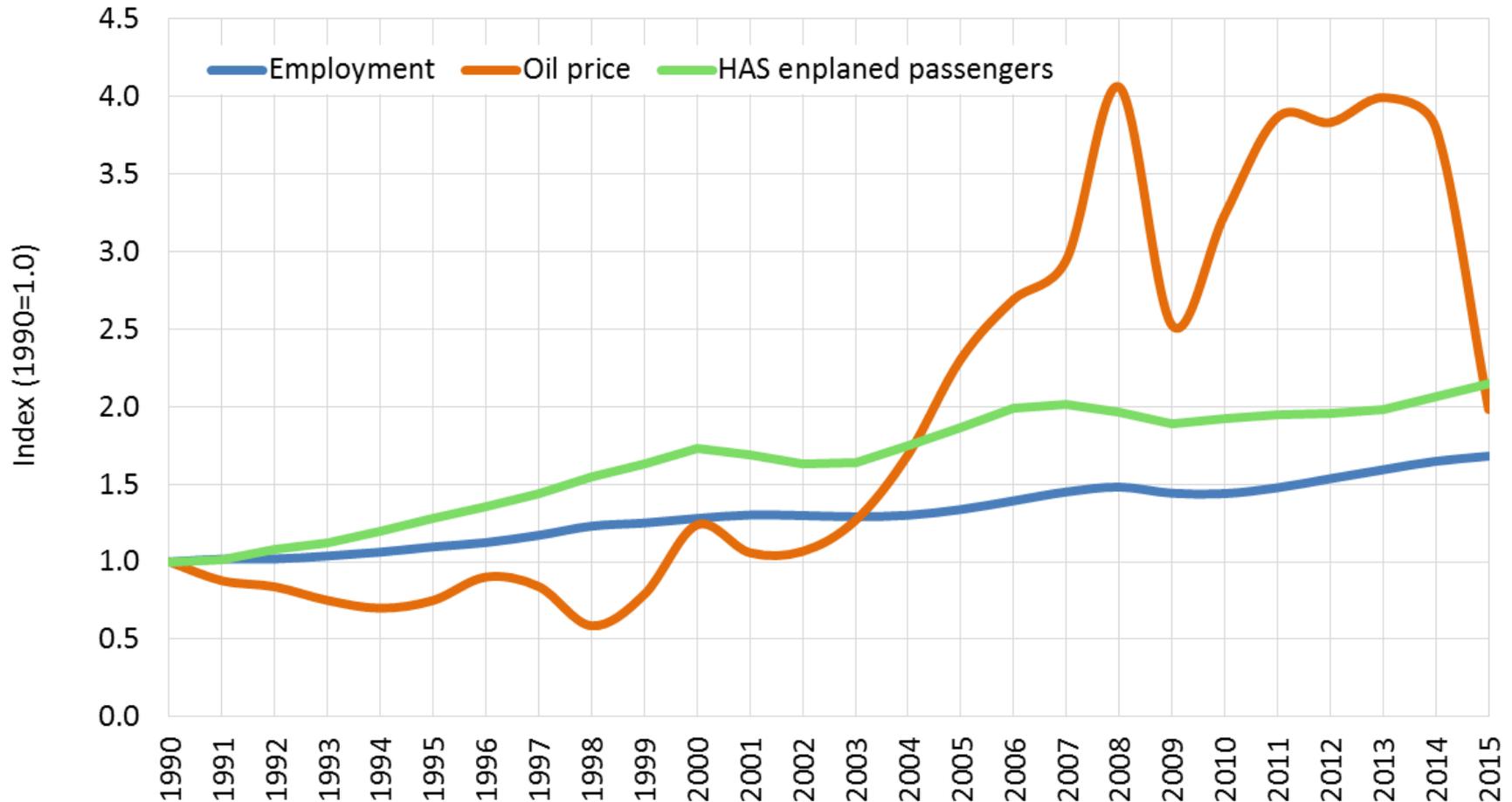
Home to 26 Fortune 500 companies, Houston is the energy capital of the world and is also a center for healthcare, manufacturing, and global trade.



Note: Logos shown are of selected top employers in Houston MSA, some of which are not headquartered in MSA.

Traffic shows continuous correlation with employment, not oil

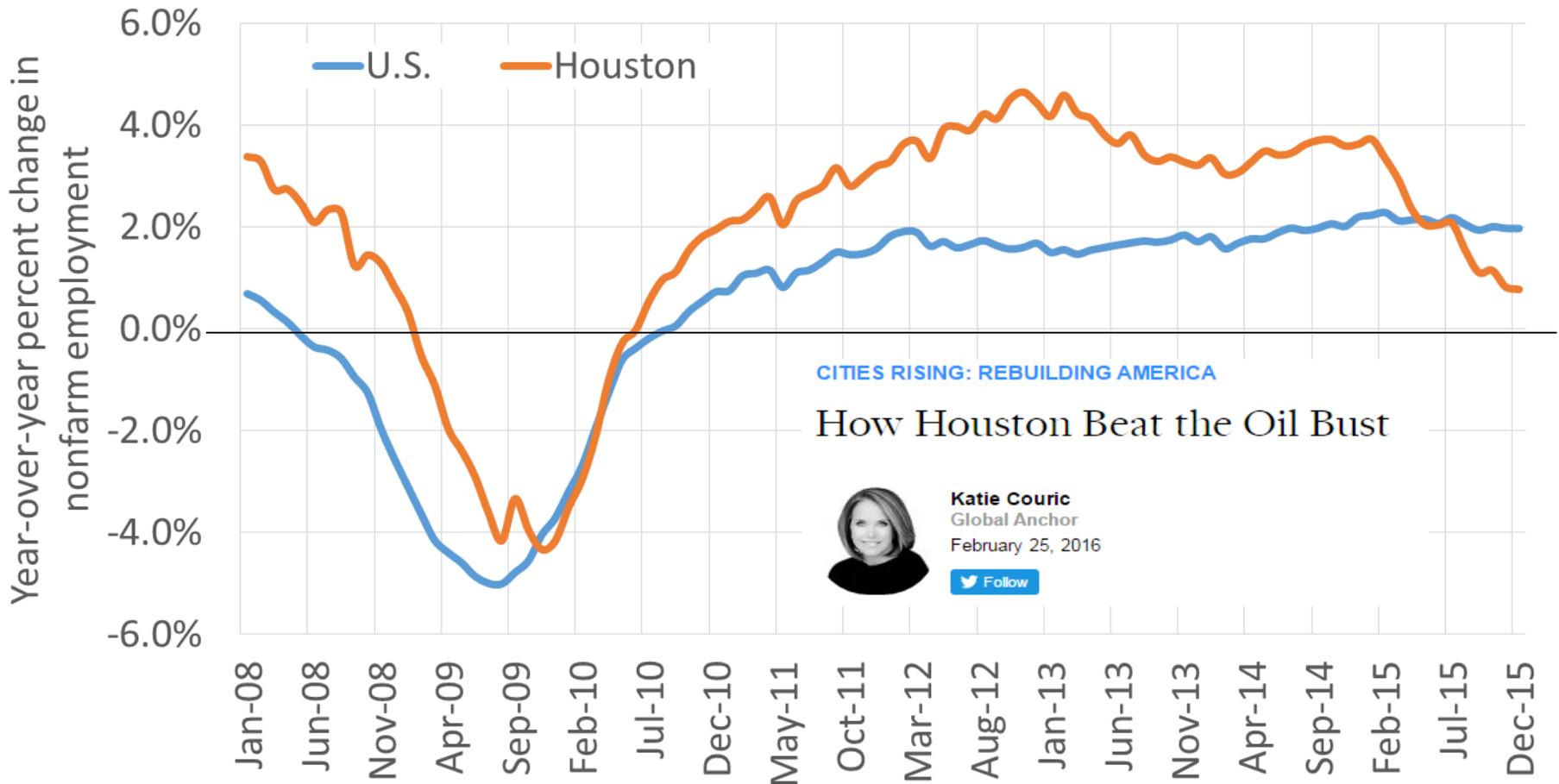
HAS continues to demonstrate growth in enplaned passengers despite headwinds in the oil markets.



Sources: Employment—U.S. Bureau of Labor Statistics. Oil price—U.S. Energy Information Administration. Enplaned passengers—HAS records.

Houston has been a leading U.S. job creator for 5 years

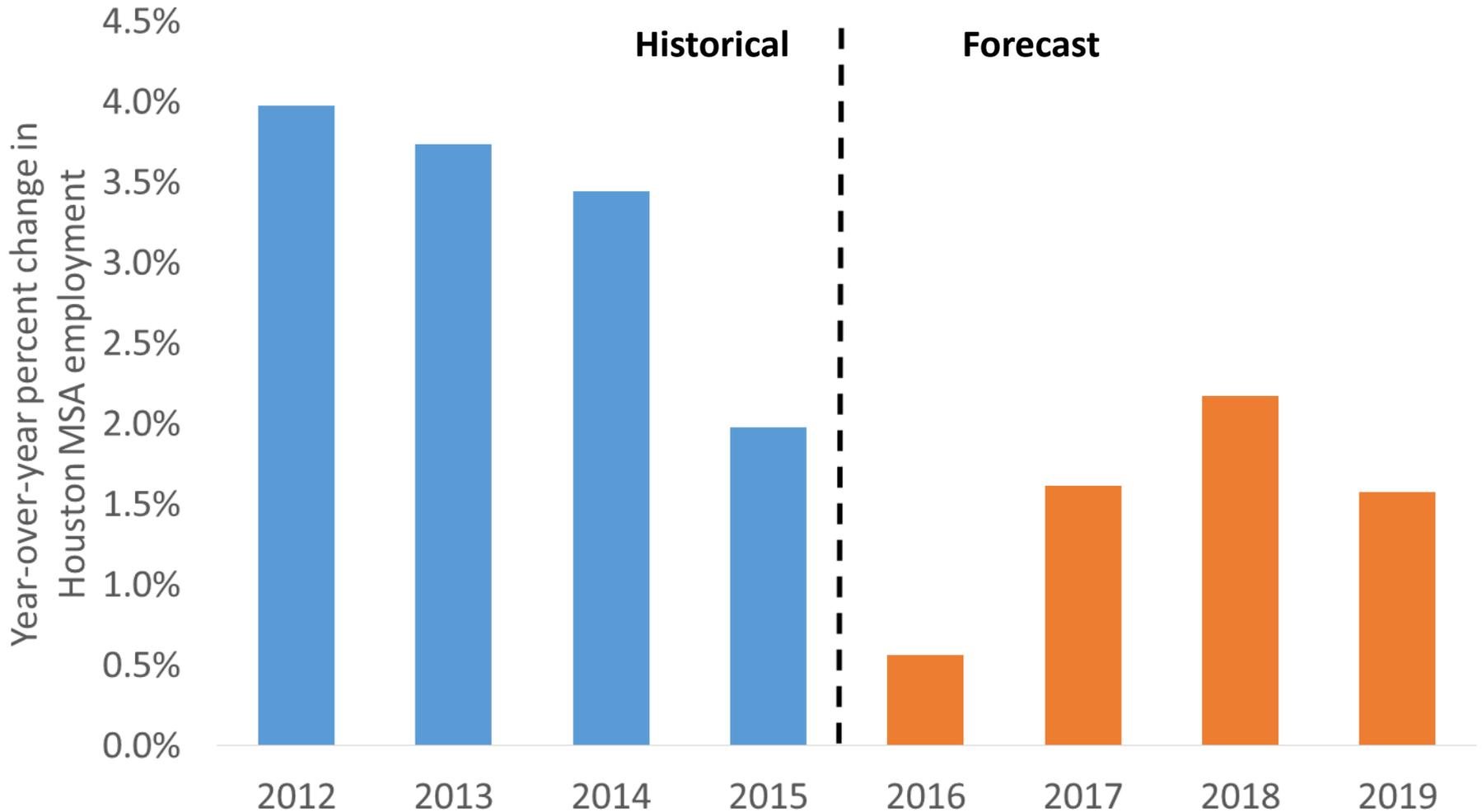
Houston continues to add jobs, more than 350,000 since 2008, despite declines in the oil market.



Source: U.S. Bureau of Labor Statistics. Not seasonally adjusted.

Houston's economy is still expected to grow in the near-term

Large-scale petrochemical and LNG construction projects of approximately \$50 billion on Houston's east side are expected to be a major source of 2016 job growth.



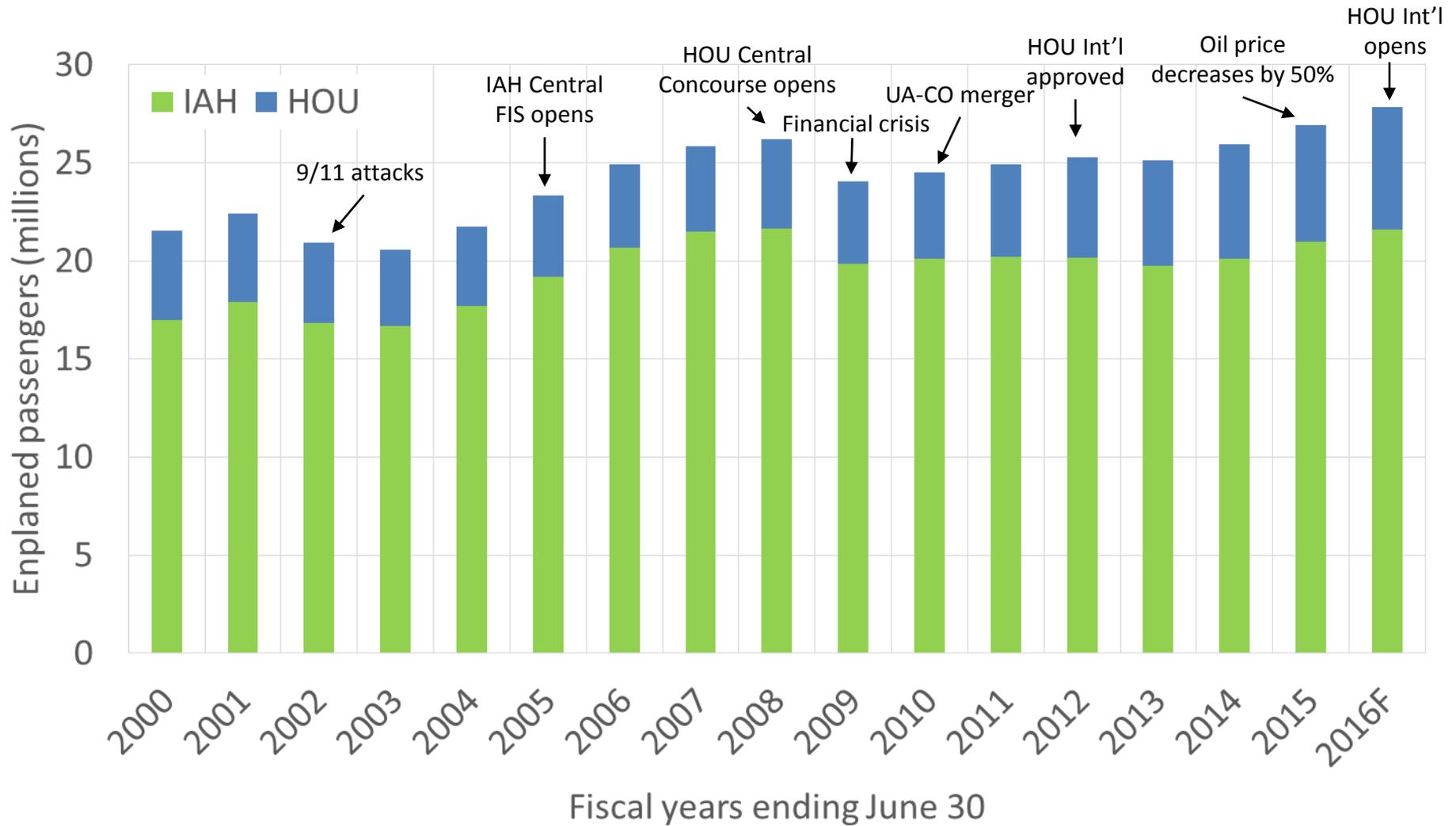
Sources: Historical—U.S. Bureau of Labor Statistics. Forecast: University of Houston Institute for Regional Forecasting, December 2015.

PASSENGER TRAFFIC TRENDS



Competition is strong in Houston

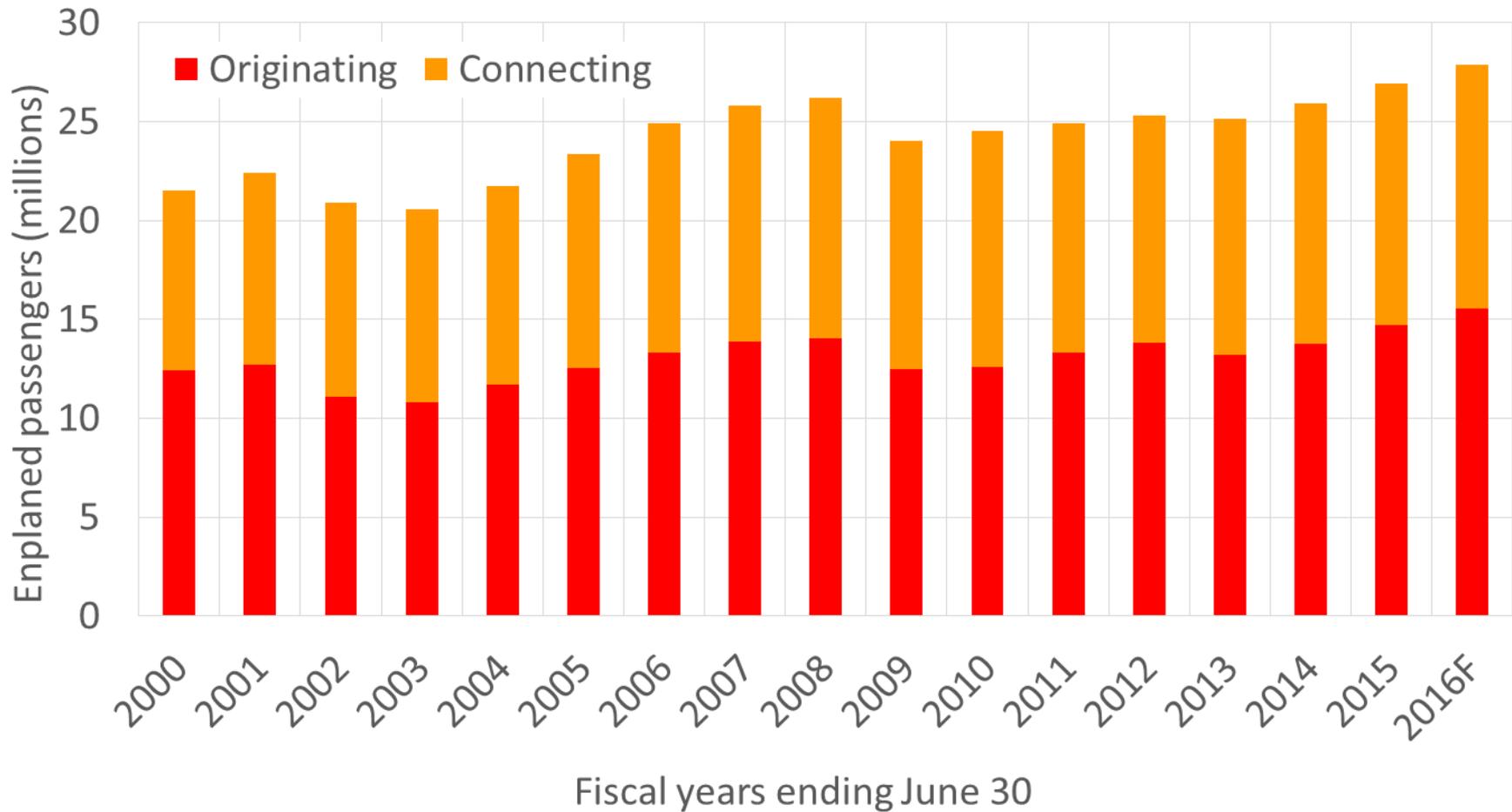
System enplanements have increased 7% over the past 3 years.



Source: HAS records. 2016 is forecast based upon November FYTD results.

2016 is expected to be record year for originating traffic

Originating traffic at HAS is expected to surpass 15 million in 2016, over 1 million more since the 2008 financial crisis.



Source: HAS records. 2016 is forecast based upon November FYTD results.

International traffic shows continued growth since 2000

Houston recorded nearly 5 million international enplaned passengers during FY 2015.



Source: HAS records. 2016 is forecast based upon November FYTD results.

Attracting major sporting events is good for Houston

Major sporting events like the 2016 NCAA Final Four and 2017 NFL Super Bowl, both to be held at Houston's NRG Stadium, will bring thousands of visitors to the City.

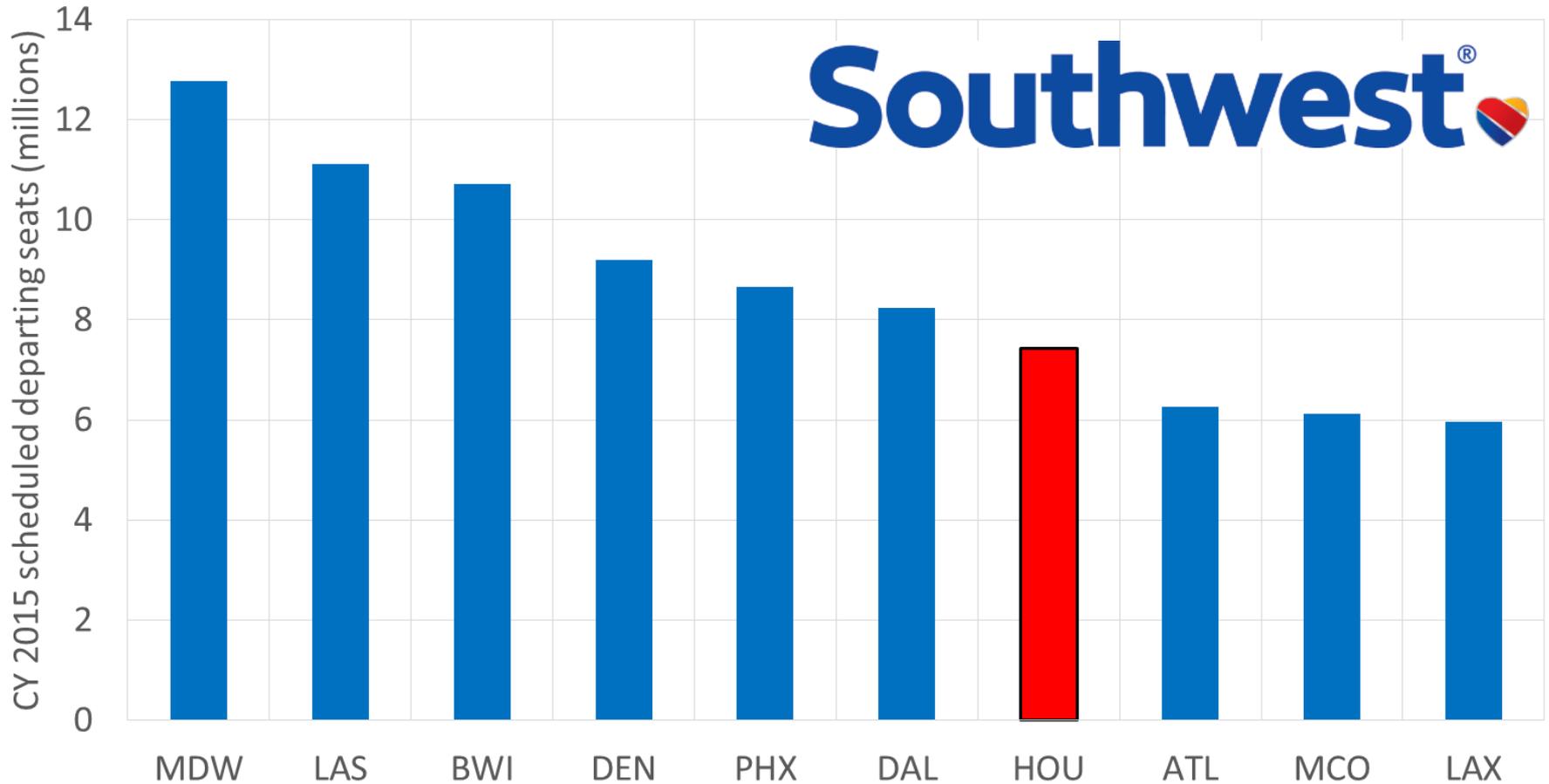


HOBBY UPDATE



HOU is Southwest's 7th busiest airport

Southwest's scheduled seats at HOU were nearly 7.5 million in 2015.



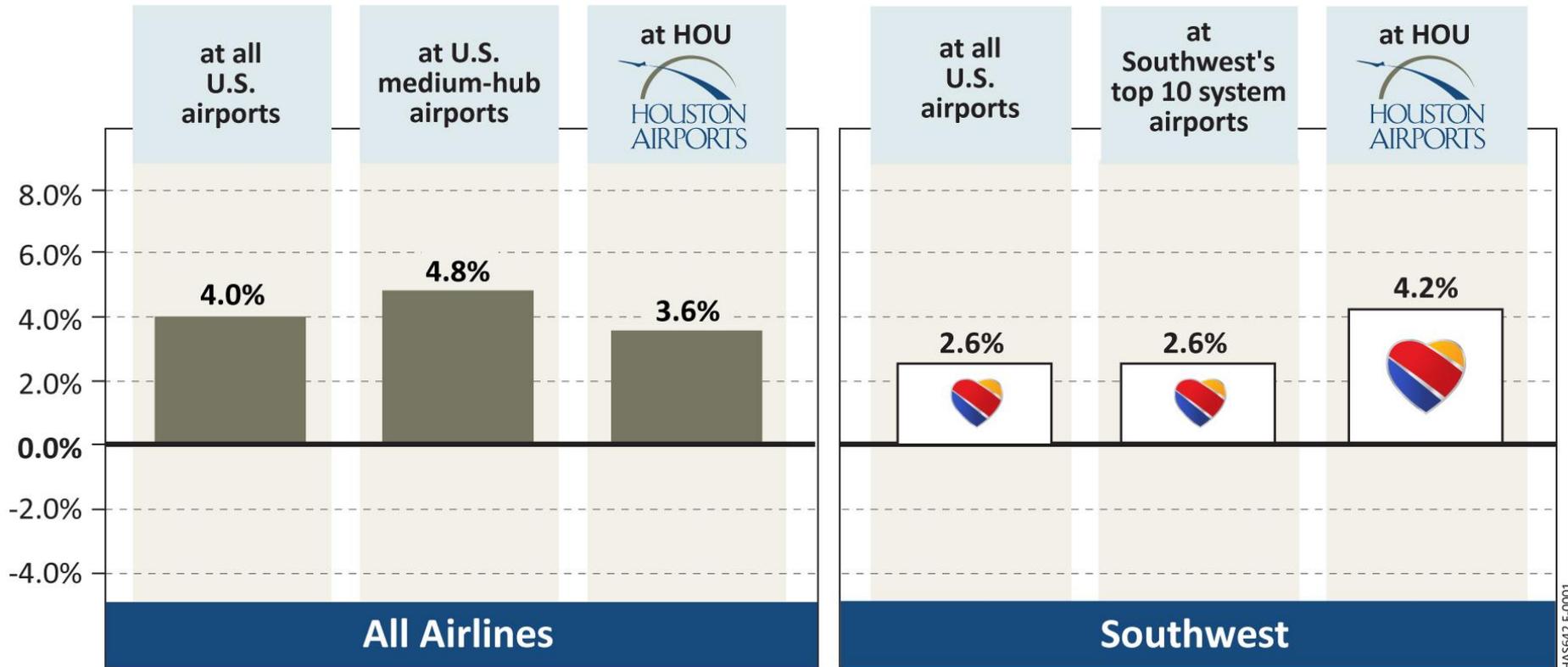
Source: OAG online database, accessed March 2016

HOU continues to grow for Southwest

Southwest's growth at HOU in 2016 is outpacing the combined growth at its top 10 system airports.

YEAR-OVER-YEAR % CHANGES IN SCHEDULED SEATS

April-June 2016



Notes: Southwest's top system airports (in terms of scheduled departing seats) include: MDW, BWI, LAS, DEN, PHX, DAL, HOU, MCO, LAX, and ATL.

Source: OAG Aviation Worldwide Ltd, OAG Analyser database, accessed February 2016.

HOU has nonstop coast-to-coast service

Southwest has added 22 nonstop routes from HOU since 2008, bolstering connecting opportunities at one of the busiest airports in its system.



HOU International will reach cities as far south as Lima

Southwest now connects HOU with 10 international destinations

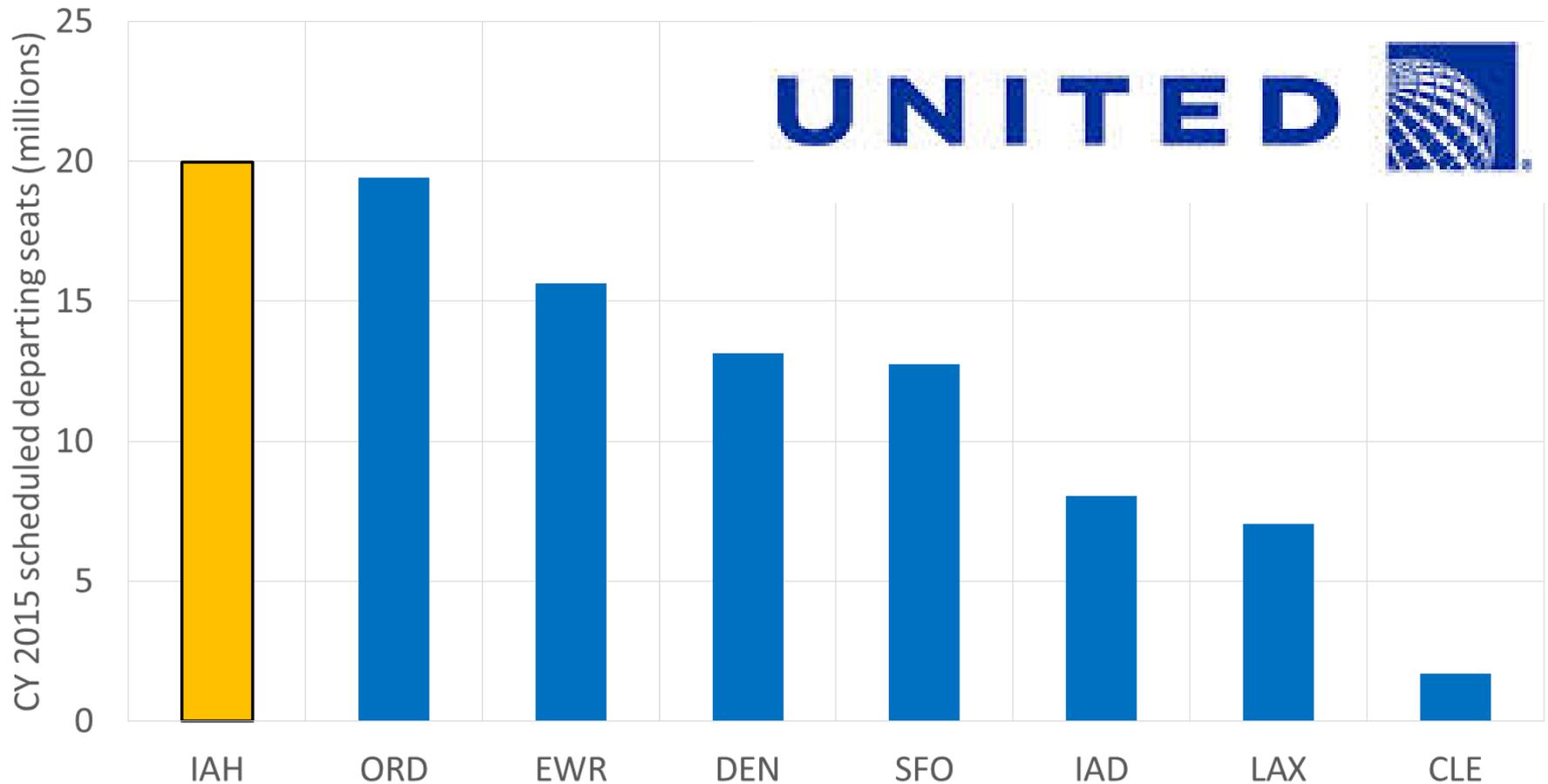


BUSH IAH UPDATE



IAH remains United's largest hub

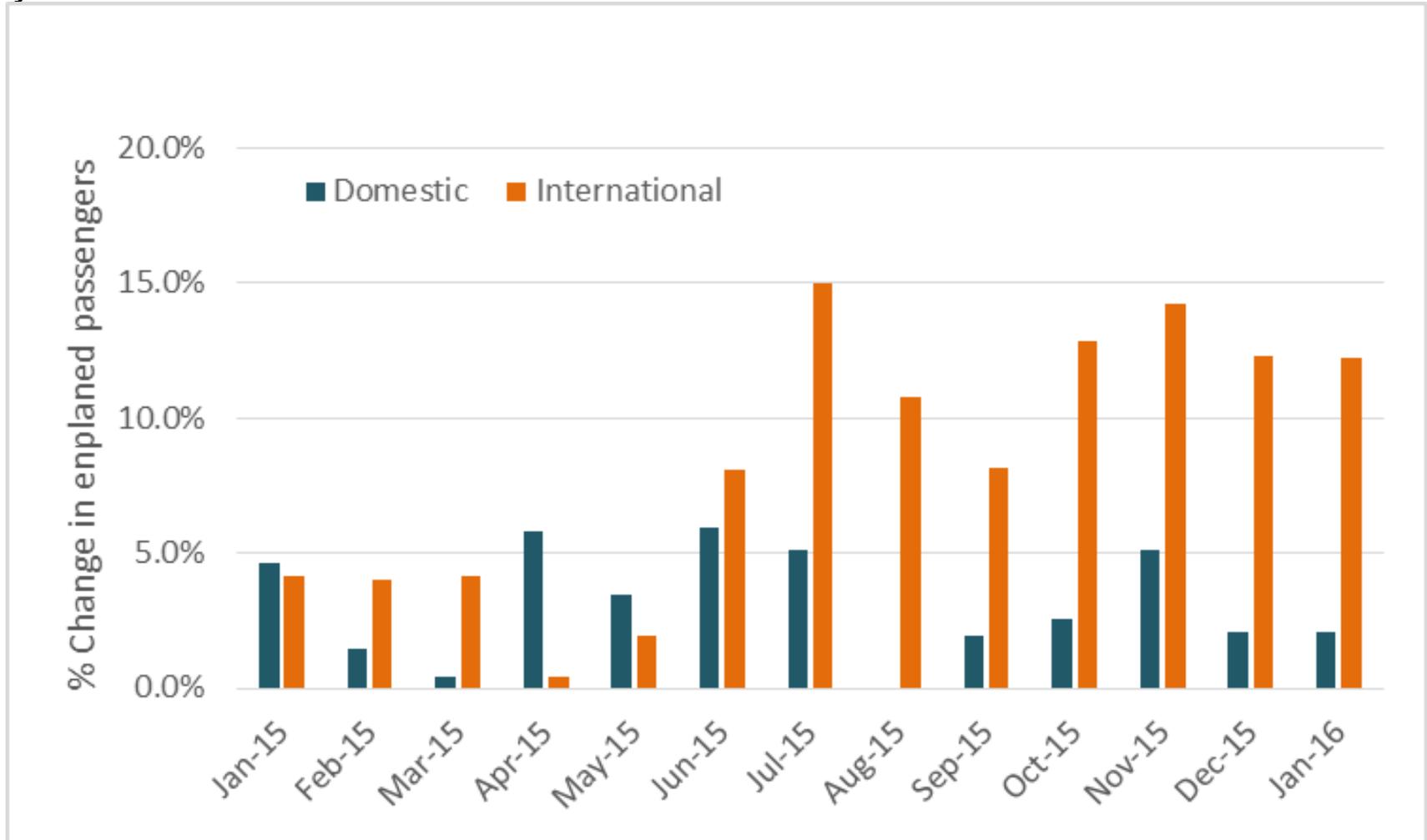
At 20 million, United scheduled more seats out of IAH than ORD by more than 500,000.



Source: OAG online database, accessed March 2016.

IAH YoY international enplanements are on the rise

International enplanements monthly YoY % change has outpaced that of domestic 10 out of the last 13 months.



IAH is only gateway in North America with nonstop service to all 6 inhabited continents

More than 40% of IAH's international enplaned passengers are bound for destinations other than Latin America.



The world's leading global airlines serve IAH

More than 20 airlines representing all alliances provide international service at IAH.



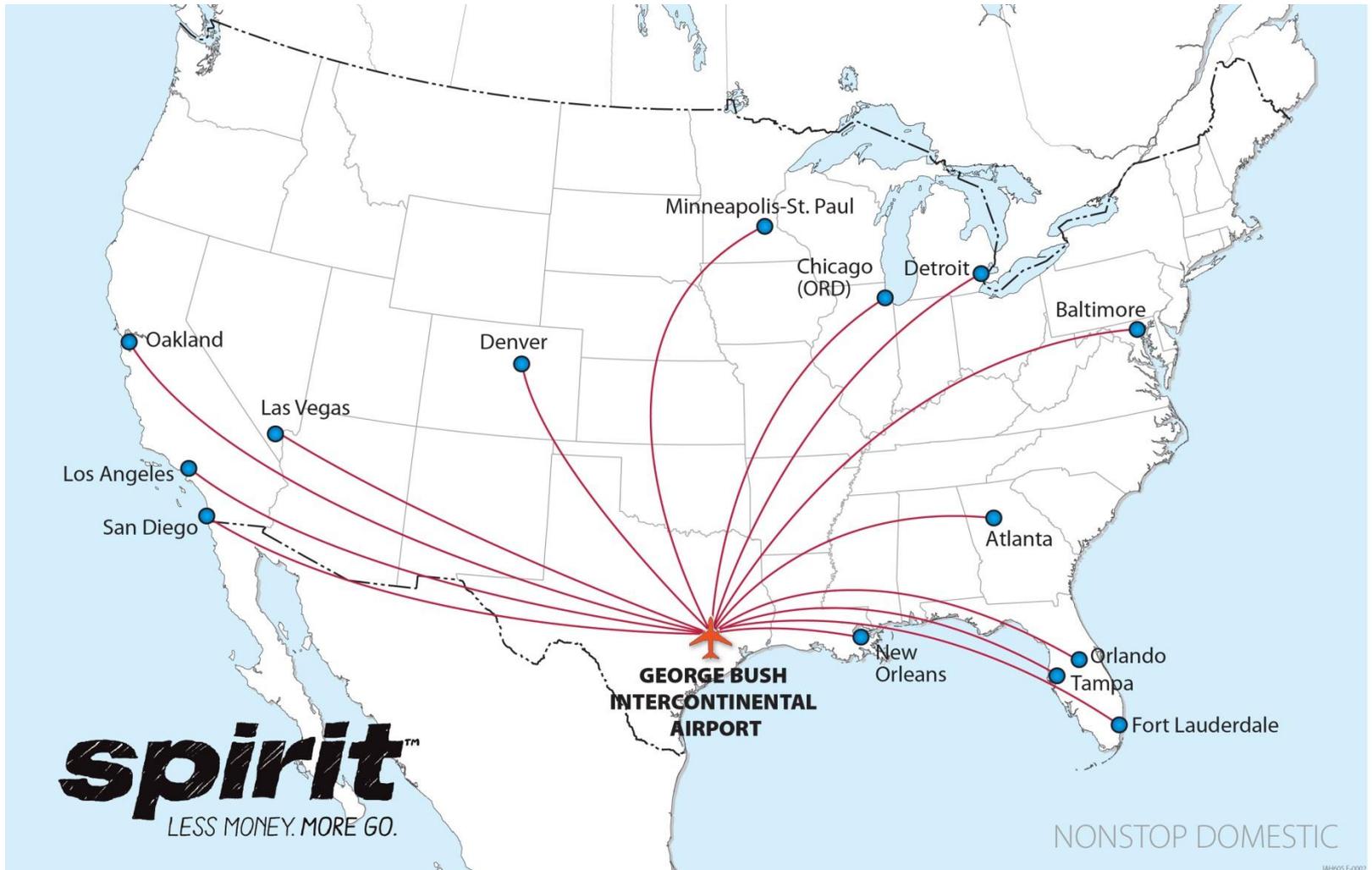
2015 was a record year for international service at IAH

IAH welcomed 6 new international airlines and 5 new international destinations in 2015.

- **2008:** Singapore via Moscow (Singapore)
- **2009:** Rio de Janeiro (United); Doha (Qatar)
- **2010:** Monterrey (VivaAerobus)
- **2011:** Lagos (United)
- **2012:** A380 to Frankfurt (Lufthansa)
- **2013:** Third daily London (United); Istanbul (Turkish); Beijing (Air China)
- **2014:** Second daily Tokyo, Munich, and Punta Cana (United); Seoul (Korean)
- **2014 (continued):** Guadalajara and Cancun (VivaAerobus); Santiago de Chile (United); Monterrey (Aeromexico and Interjet); A380 to Dubai (Emirates)
- **2015:** Guadalajara (Volaris); Cabo San Lucas, San Jose, San Pedro Sula, San Salvador, Managua and Cancun (Spirit); Mexico City (Interjet); Freeport (Sunwing); Tokyo (All Nippon Airways); Taipei (EVA Air); St. Thomas and Providenciales (United); Calgary (WestJet); Auckland (Air New Zealand)

Spirit serves the second most destinations from IAH

Since beginning service to IAH with one route in 2012, Spirit has added 13 new, coast-to-coast routes, providing competition for United.



Spirit has become IAH's second gateway to Latin America

Spirit is capitalizing on IAH's convenient location as a gateway to Mexico and Central America.

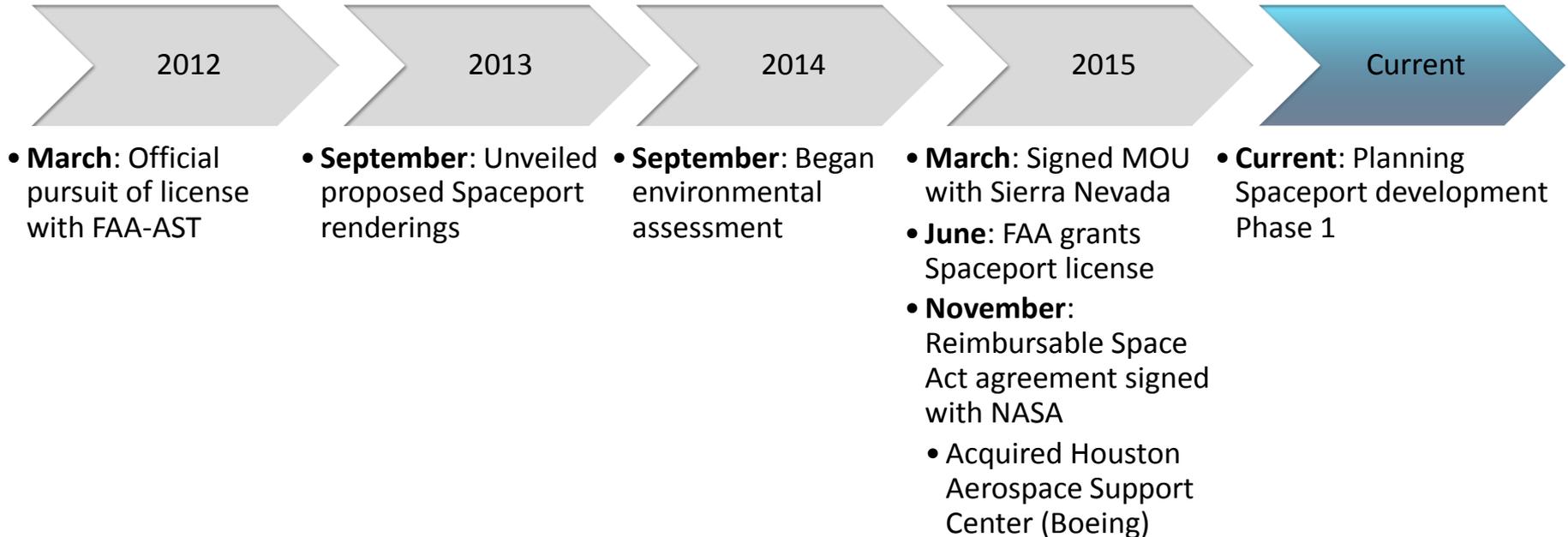


ELLINGTON UPDATE



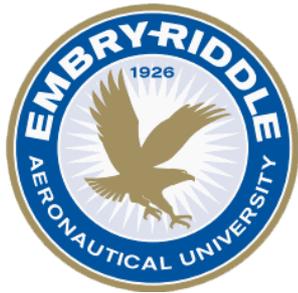
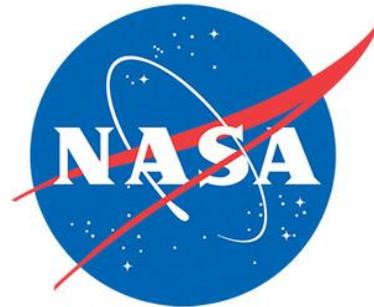
Phase 1 development is currently underway at Ellington

HAS is currently planning what will become a aerospace hub for innovation, education, and commercial spaceflight.



Spaceport aims to become an aerospace innovation center

In late 2015, HAS and NASA executed an agreement that will provide unique opportunities to transfer knowledge and expertise to the private sector in support of commercial spaceflight development.

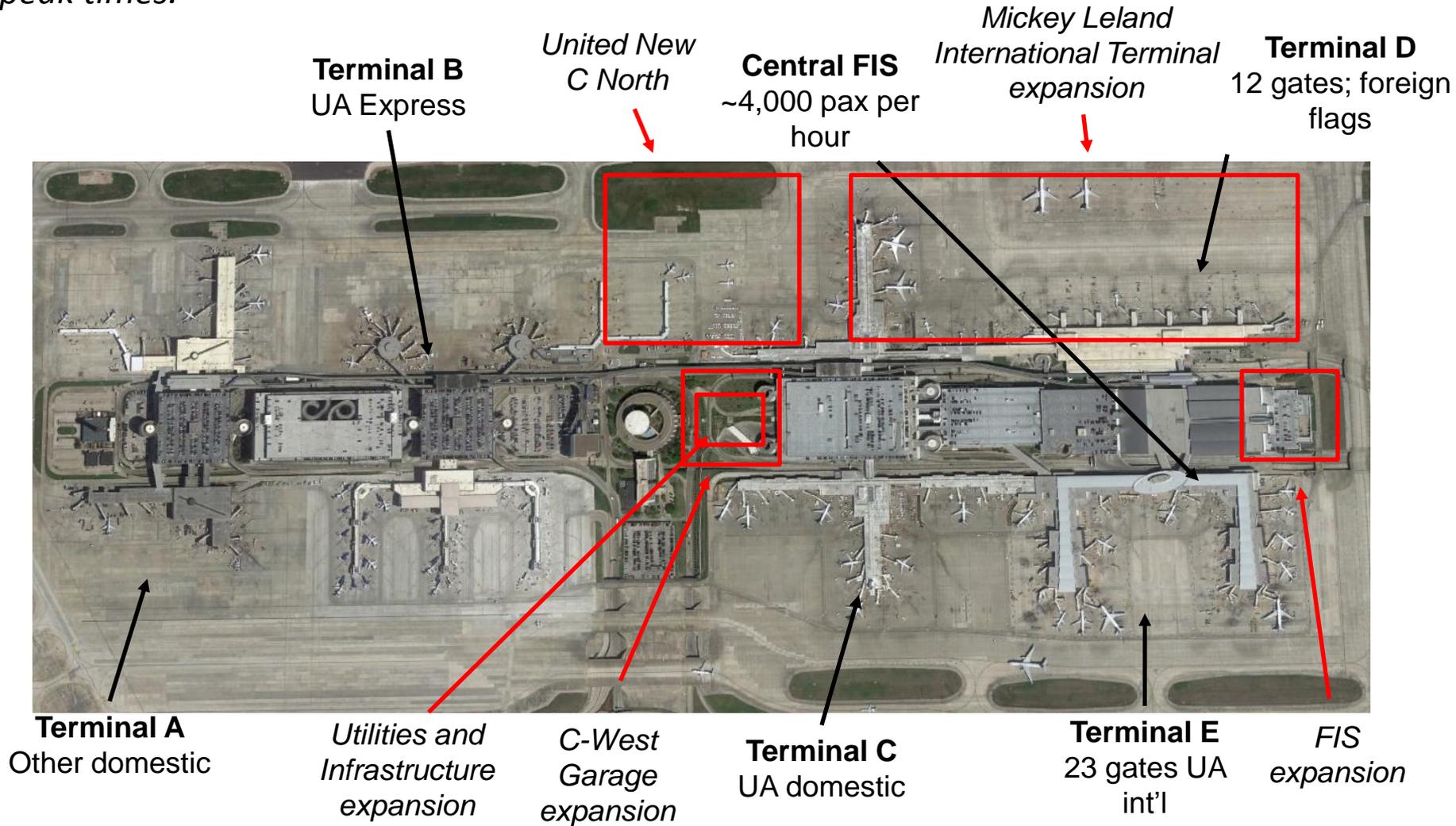


CIP UPDATE



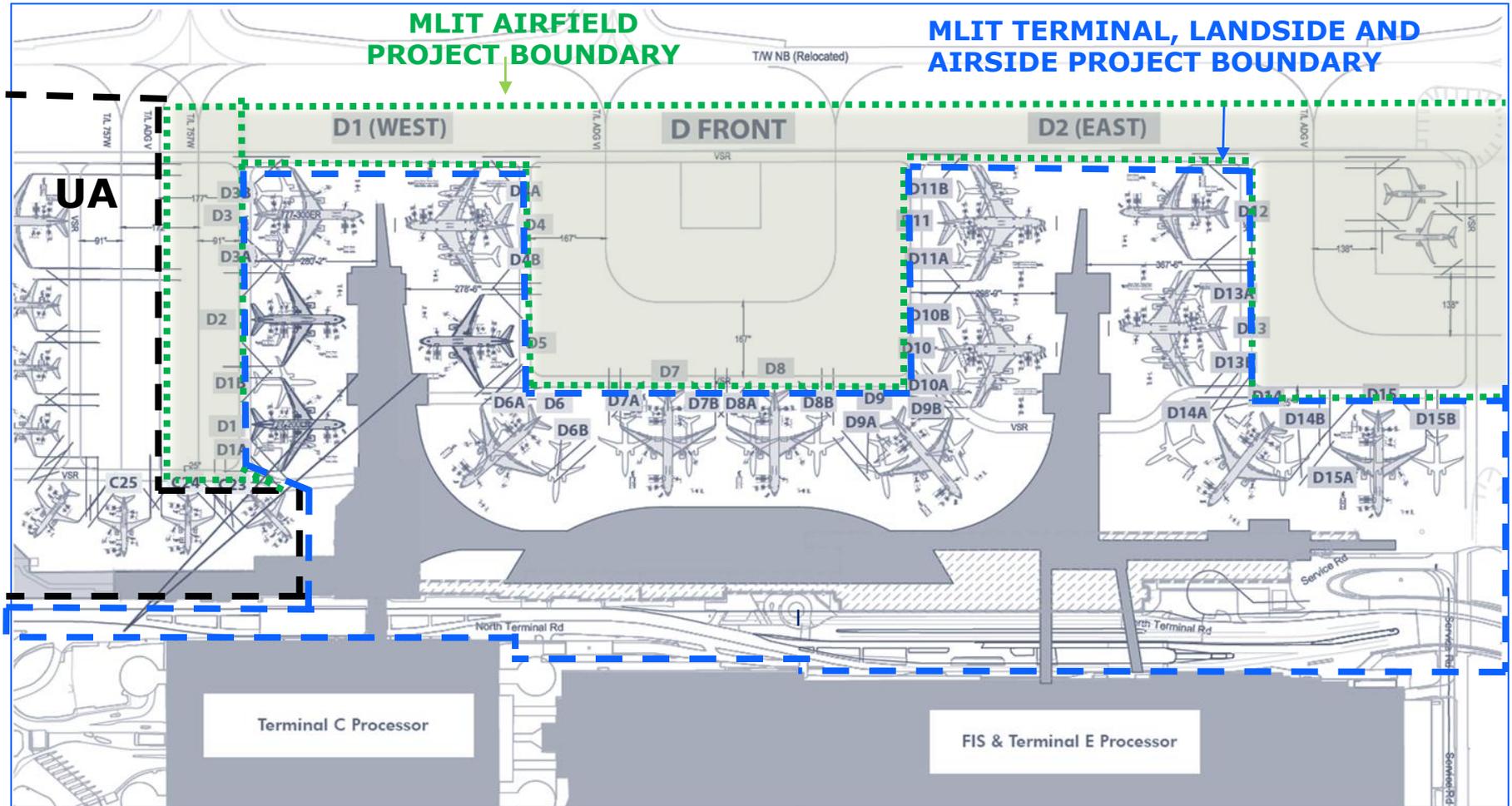
More international gates are needed to meet demand

With only 6 widebody gates, Terminal D cannot accommodate new long-haul services at peak times.



ITRP is the optimal solution for meeting increased demand

ITRP will offer up to 4 ADG-VI (A380) and 11 ADG-V (777/787) gates.



The ITRP is a joint HAS-United project

United has already begun construction of the new C North Terminal opening Spring 2017 to replace lost C North gates.



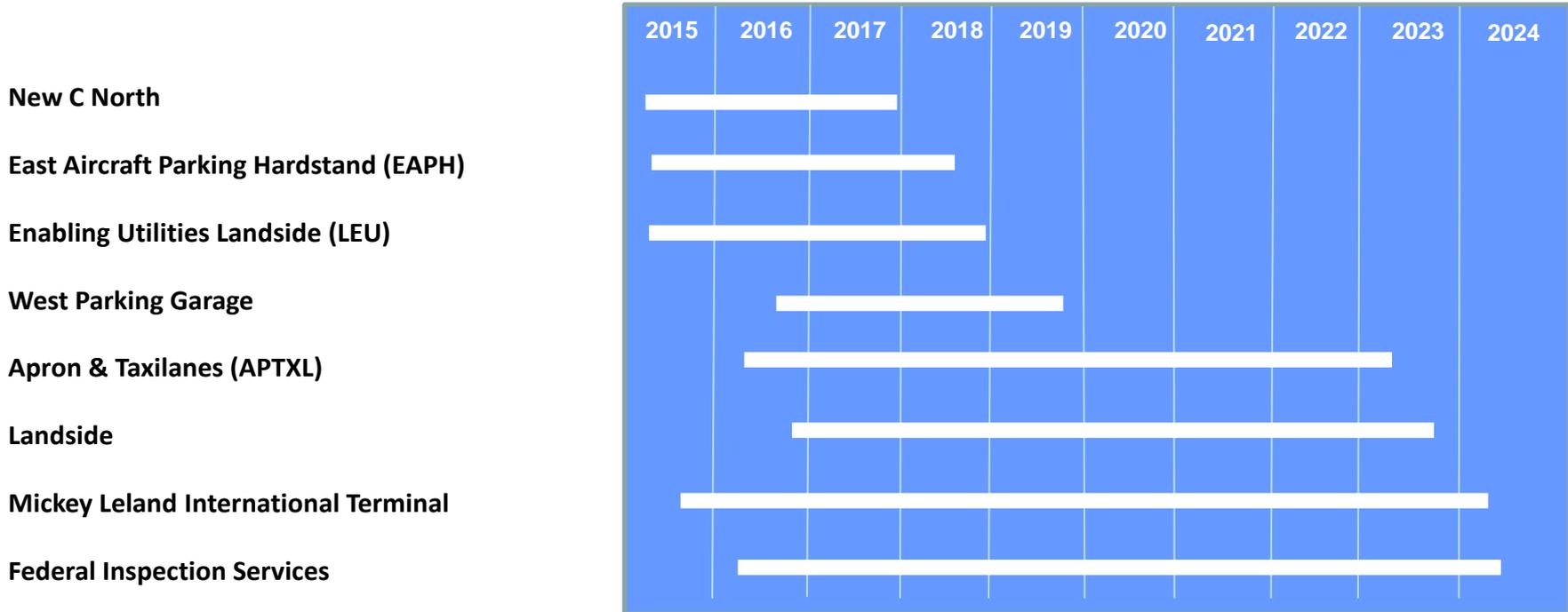
IAH NEW TERMINAL C NORTH



Preliminary schedule anticipates program completion in early 2024

RFPs for design and A&E planned to be advertised 2nd quarter 2016.

Preliminary Draft



Estimated Schedule
Draft February 2016

FINANCIAL UPDATE



Debt service coverage continues above the mark

HAS has managed to consistently meet or exceed DSCR targets.

	2012	2013	2014	2015	2016F ¹	AAGR, 2012-16
Revenues						
Airline	\$244,690	\$246,742	\$248,681	\$268,755	\$272,197	2.7%
Nonairline	184,975	194,503	212,086	221,068	221,836	4.7%
Total	\$429,665	\$441,245	\$460,767	\$489,823	\$494,033	3.6%
O&M expenses	\$255,507	\$252,745	\$268,745	\$283,557	\$289,568	3.2%
Net revenues	\$174,158	\$188,500	\$192,022	\$206,266	\$204,465	4.2%
Debt service	\$151,311	\$153,938	\$156,424	\$163,319	\$171,253	3.2%
Less: PFCs	(36,619)	(34,390)	(35,614)	(38,054)	(38,496)	1.4%
Net debt service	\$114,692	\$119,548	\$120,810	\$125,265	\$132,757	3.7%
Debt service coverage	1.52	1.58	1.59	1.59	1.54	

Note: Amounts in thousands except percentages and coverage ratio.

¹ Unofficial FY 2016 forecast as of 1/31/2016

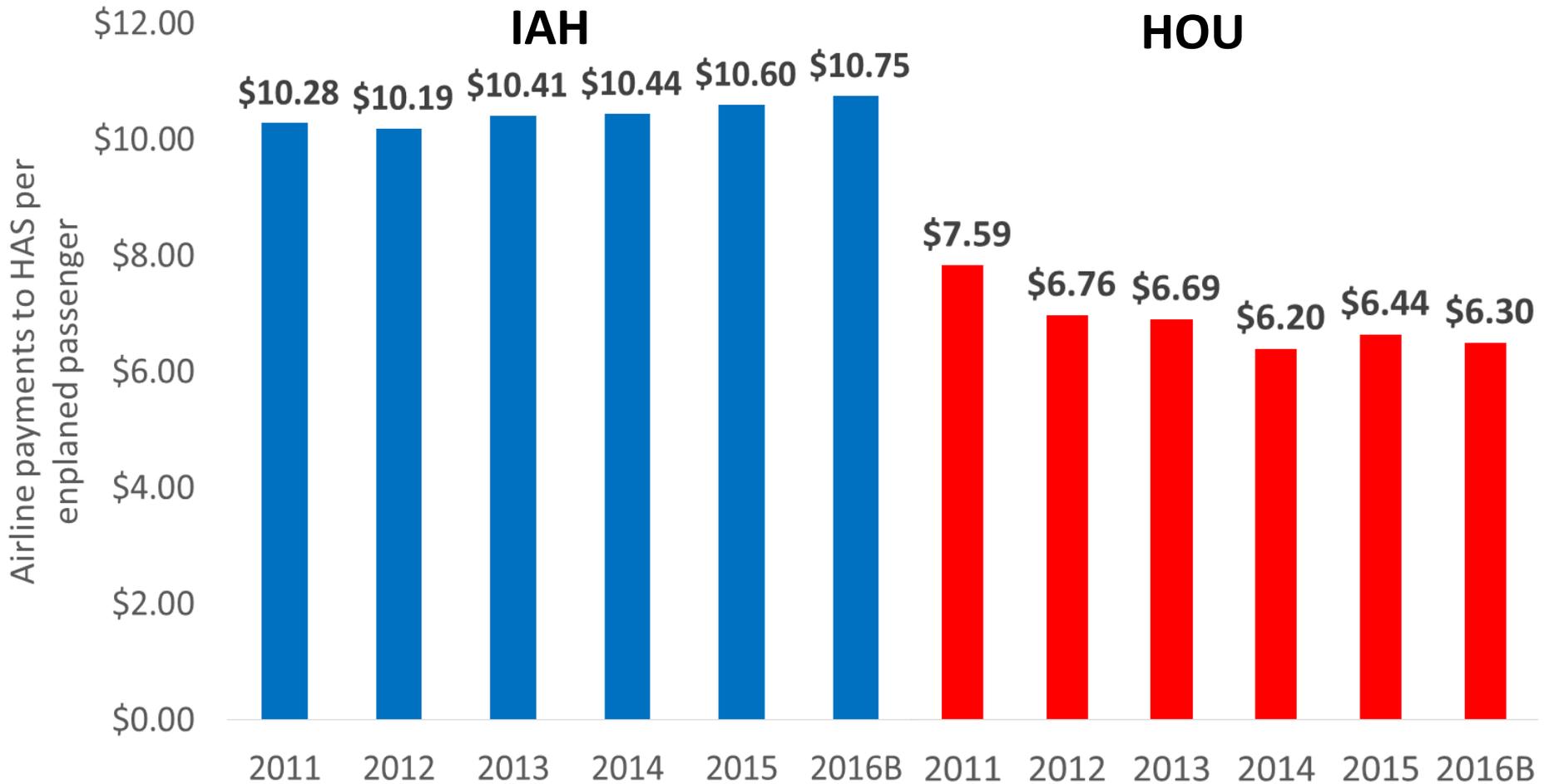
HAS increased systemwide PFC to \$4.50 in March 2015

Additional PFC revenues to be key funding source for HOU International and ITRP projects.



IAH and HOU have competitive airline costs

Houston remains an attractive hub for major carriers that desire to add or expand service.



Source: HAS records. Amounts are payments to HAS only (excludes special facility bond debt service payments and building maintenance expenses paid directly by United).

NONAIRLINE REVENUE UPDATE



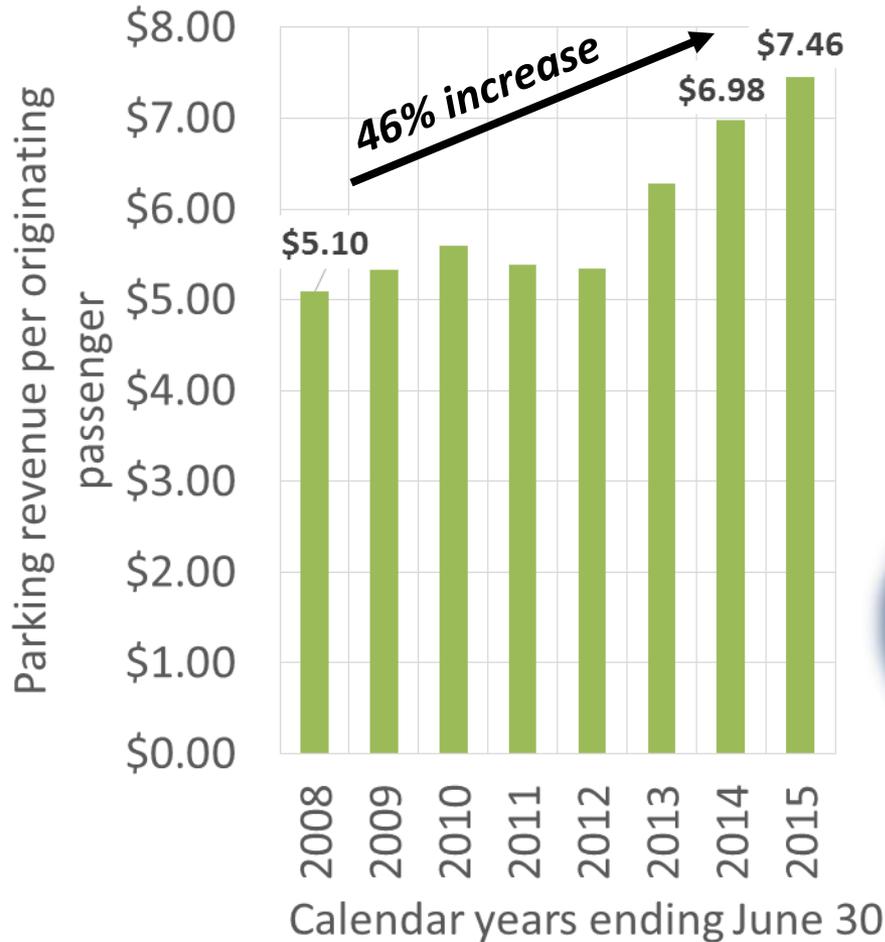
New concessions add greater variety

Industry standard concession terms will increase nonairline revenue.



Differentiated parking products have increased spend rates

New options for parking will give passengers greater access to terminals as well as increase revenues.



Source: HAS records.

DEBT OVERVIEW



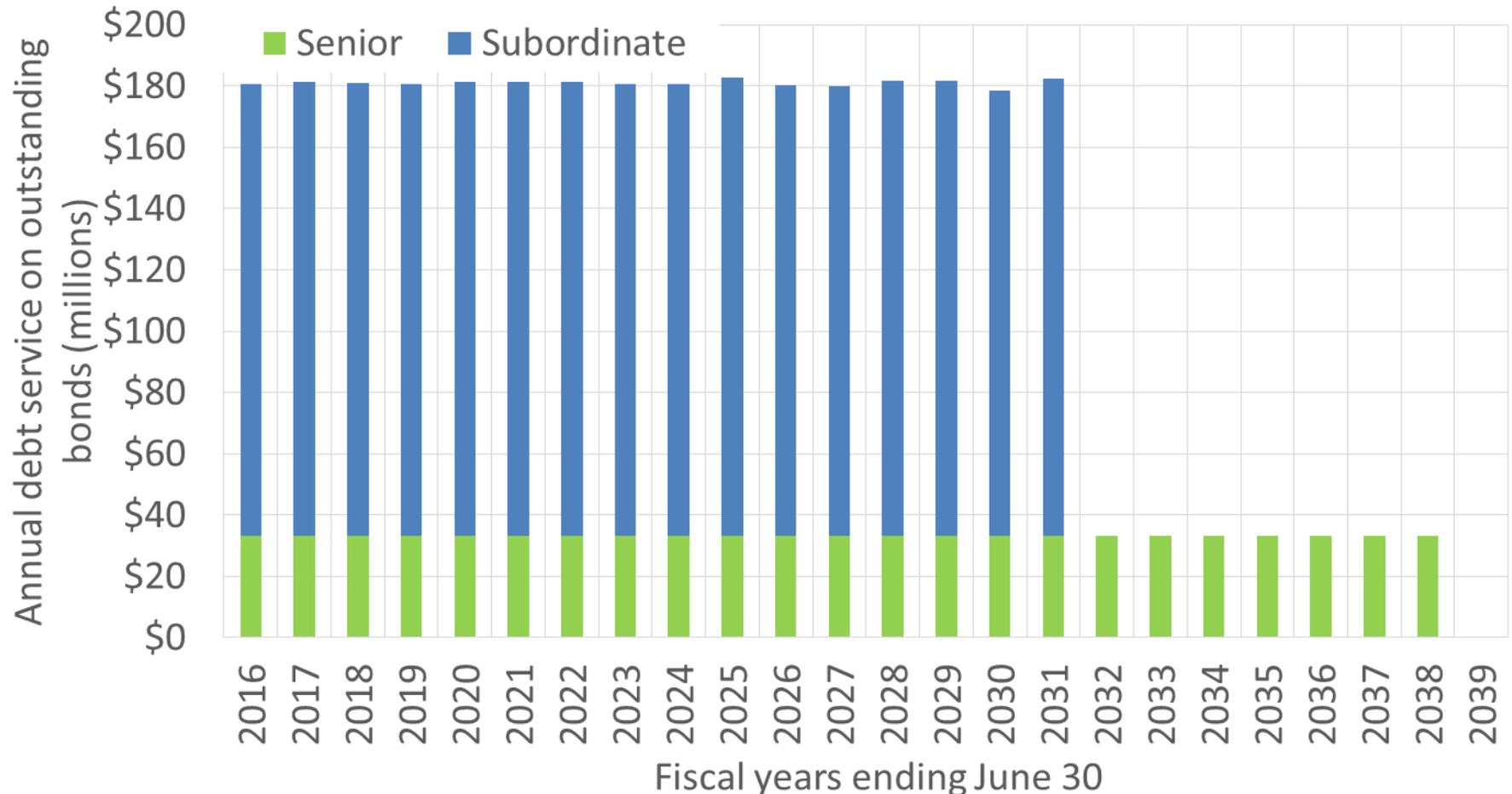
HAS Senior & Subordinate Lien Debt Overview

HAS has approximately \$2.1 billion in outstanding bonds, or about \$75 per FY 2016 forecast enplaned passengers.

Series	Tax status	Coupon type	Outstanding par
Senior Lien			
Series 2009A	Non-AMT	Fixed	\$440,385,000
			440,385,000
Subordinate Lien			
Series 2000B	Non-AMT	Fixed	\$44,515,000
Series 2000P-1	AMT	Auction rate	37,275,000
Series 2000P-2	Non-AMT	Auction rate	37,050,000
Series 2002A	AMT	Fixed	20,005,000
Series 2002B	Non-AMT	Fixed	27,450,000
Series 2002C	AMT	Auction rate	82,000,000
Series 2002D-1	AMT	Auction rate	60,950,000
Series 2002D-2	AMT	Auction rate	59,000,000
Series 2007B	Non-AMT	Fixed	278,390,000
Series 2010	Non-AMT	Variable rate	92,905,000
Series 2011A	AMT	Fixed	319,795,000
Series 2011B	Non-AMT	Fixed	90,985,000
Series 2012A	AMT	Fixed	286,585,000
Series 2012B	Non-AMT	Fixed	217,135,000
			1,654,040,000
Total			\$2,094,425,000

HAS Senior & Subordinate Lien Debt Service

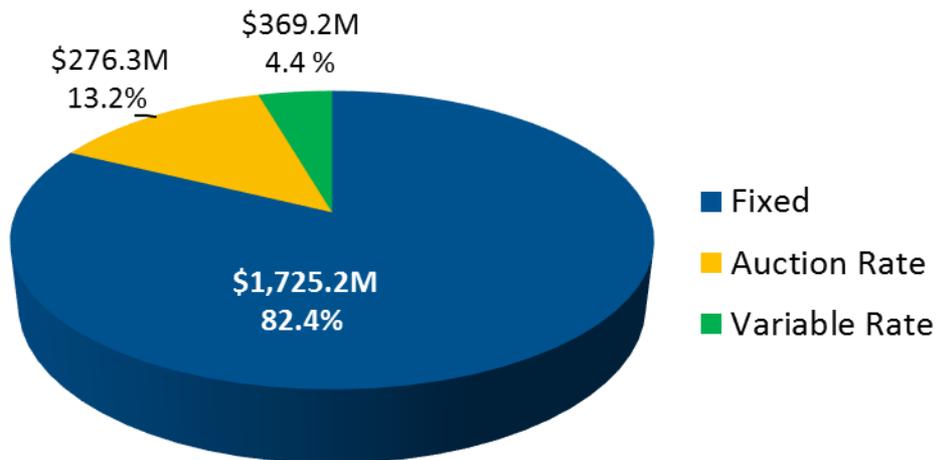
Conservative strategies have allowed HAS to effectively manage debt at all lien levels.



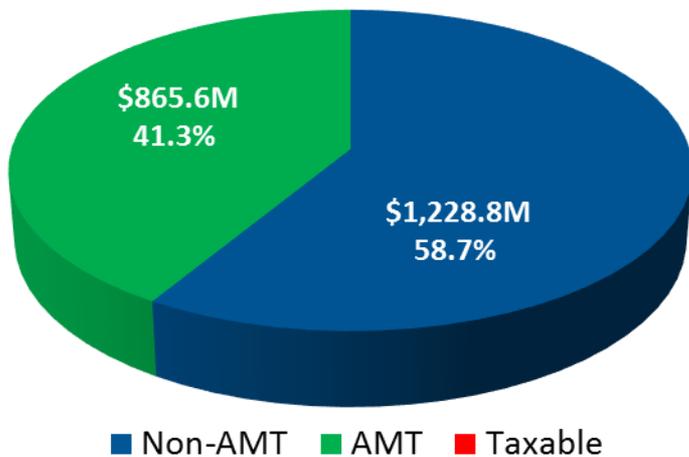
Note: Debt Service for the Variable Rate Series has been computed at the certified rate of 5.85% for Series 2000P-1 and 2000P-2, the certified rate of 5.30% for Series 2002C, 2002D-1, 2002D-2, and the certified rate of 5.34% for Series 2010. Does not include planned debt issuances.

HAS Senior & Subordinate Lien Debt Service Profile

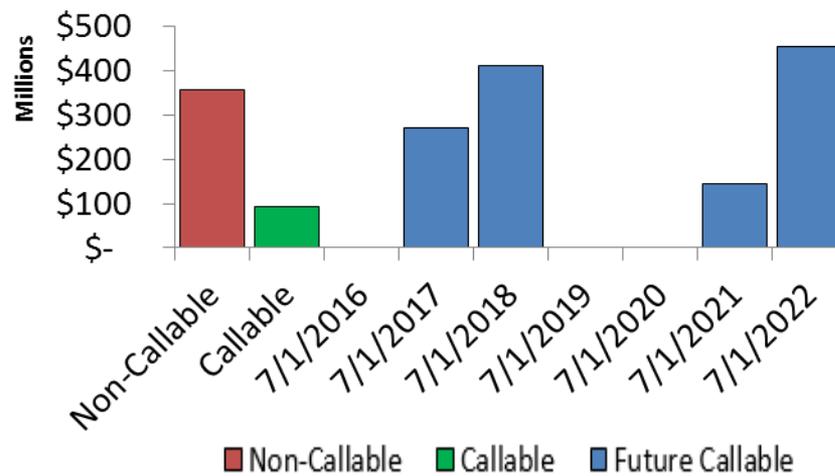
Coupon Type



Tax Status



Call Provisions (Fixed Rate)



HAS ratings and credit strengths

- Monopoly position in a dynamic and growing service area
- Growing O&D base
- Key hubs for United and Southwest with significant airline commitments
- Strong liquidity position
- Management track record at executing large-scale capital projects

	Moody's		S&P		Fitch	
Senior Lien	Aa3	Stable	AA-	Stable	NR	--
Subordinate Lien	A1	Stable	A+	Stable	A	Stable